

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2010

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Primary Government Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2010

TABLE OF CONTENTS

Independent Auditors' Report	1
Statement 1 - Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2 - Summary of Expenditures - Actual and Budget	4
Statement 3 - Statement of Cash Receipts and Expenditures - Actual and Budget Individually Presented by Fund	
Governmental Fund Categories	
General Funds	
3-1 General Fund	5
3-2 Supplemental General Fund	6
Special Revenue Funds	
3-3 Capital Outlay Fund	7
3-4 Bilingual Education Fund	8
3-5 Driver Training Fund	9
3-6 Food Service Fund	10
3-7 Professional Development Fund	11
3-8 Parent Education Fund	12
3-9 Special Education Fund	13
3-10 Vocational Education Fund	14
3-11 KPERs Retirement Special Contribution Fund	15
3-12 Contingency Reserve Fund	16
3-13 Textbook Rental Fund	17
3-14 At Risk (4 Year Old) Fund	18
3-15 At Risk (K-12) Fund	19
3-16 Title I Low Income Fund	20
3-17 Drug Free Fund	21
3-18 Title III – Technology Literacy Challenge Fund	22
3-19 Title II – Improving Teacher Quality Fund	23
3-20 Title II – Technology Literacy Challenge Fund	24
3-21 21 st Century Community Learning Centers Fund	25
3-22 After School Adventures Fund	26
3-23 Gifts and Grants Fund	27
3-24 Recreation Commission Fund	28
3-25 Recreation Commission Employee Benefits Fund	29
Debt Service Funds	
3-26 Bond and Interest Fund	30
Capital Project Funds	
3-27 2002 Construction Fund	31

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Primary Government Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2010

TABLE OF CONTENTS (continued)

Statement 4 - Summary of Cash Receipts and Cash Disbursements	
4-1 Agency Funds - Student Organizations	32
4-2 Agency Funds - Non-Student Organization	33
Statement 5 - Summary of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds.....	34
Notes to Financial Statements	35

Supplementary Information

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	47
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	49
Schedule of Findings and Questioned Costs	51
Summary Schedule of Prior Audit Findings	54
Schedule of Expenditures of Federal Awards	55
Notes to Schedule of Expenditures of Federal Awards	56

466 Scott City, Kansas, as of June 30, 2010, or the changes in its financial position for the year then ended. Further, **Unified School District No. 466 Scott City, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 466 Scott City, Kansas**, as of June 30, 2010, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010, on our consideration of **Unified School District No. 466 Scott City, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Unified School District No. 466 Scott City, Kansas**' financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

December 13, 2010

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Funds							
General Fund	\$ (388,873)	-	6,047,694	6,061,735	(402,914)	84,067	(318,847)
Supplemental General Fund	249,570	-	1,948,216	1,966,606	231,180	6,125	237,305
Special Revenue Funds							
Capital Outlay Fund	386,694	-	520,751	526,477	380,968	147,933	528,901
Bilingual Education Fund	-	-	160,202	145,154	15,048	-	15,048
Driver Training Fund	11,153	-	10,346	7,683	13,816	-	13,816
Food Service Fund	92,031	-	459,822	428,580	123,273	-	123,273
Professional Development Fund	30,528	-	33,000	21,325	42,203	-	42,203
Parent Education Fund	-	-	13,500	13,500	-	-	-
Special Education Fund	104,013	-	666,652	612,228	158,437	-	158,437
Vocational Education Fund	-	-	218,361	197,803	20,558	-	20,558
KPERS Retirement Special Contribution Fund	-	-	382,596	382,596	-	-	-
Contingency Reserve Fund	496,864	-	47,617	-	544,481	-	544,481
Textbook Rental Fund	26,376	-	20,843	-	47,219	-	47,219
At Risk (4 Year Old) Fund	-	-	67,717	67,717	-	-	-
At Risk (K-12) Fund	3,032	-	612,775	603,831	11,976	375	12,351
Title I Low Income Fund	-	-	153,195	153,159	36	13,106	13,142
Drug Free Fund	-	-	2,809	2,809	-	712	712
Title III - Technology Literacy Challenge Fund	-	-	15,282	-	-	13,576	13,576
Title II - Improving Teacher Quality Fund	-	-	36,373	36,373	-	-	-
Title II - Technology Literacy Challenge Fund	-	-	1,215	1,215	-	-	-
21st Century Community Learning Centers Fund	18,294	-	116,866	100,000	35,160	15,773	50,933
After School Adventures Fund	1,918	-	2,042	1,209	2,651	-	2,651
Gifts and Grants Fund	723	-	13,820	14,413	130	1,497	1,627
Recreation Commission Fund	17,698	-	165,785	167,176	16,307	-	16,307
Recreation Commission Employee Benefits Fund	2,910	-	20,765	21,000	2,675	-	2,675
Debt Service Fund							
Bond and Interest Fund	1,325,016	-	1,238,129	1,220,268	1,342,877	-	1,342,877
Capital Projects							
2002 Construction Fund	1,678	-	38	1,716	-	-	-
Fiduciary Fund Category							
Agency Funds							
District Activity Funds	71,626	-	193,716	192,561	72,781	-	72,781
Total Reporting Entity (Excluding Agency Funds)	\$ 2,451,151	-	13,170,127	12,962,416	2,658,862	283,164	2,942,026
Composition of Cash							
Checking Accounts							\$ 957,618
Savings Accounts							2,065,293
Cash on Hand							175
Total Cash							3,023,086
Agency Funds per Statement 4							(81,060)
Total Reporting Entity (Excluding Agency Funds)							\$ 2,942,026

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 6,220,285	(252,034)	93,484	6,061,735	6,061,735	-
Supplemental General Fund	1,966,606	-	-	1,966,606	1,966,606	-
Special Revenue Funds						
Capital Outlay Fund	607,162	-	-	607,162	526,477	(80,685)
Bilingual Education Fund	172,383	-	-	172,383	145,154	(27,229)
Driver Training Fund	12,385	-	-	12,385	7,683	(4,702)
Food Service Fund	480,529	-	-	480,529	428,580	(51,949)
Professional Development Fund	30,400	-	-	30,400	21,325	(9,075)
Parent Education Fund	13,500	-	-	13,500	13,500	-
Special Education Fund	612,228	-	-	612,228	612,228	-
Vocational Education Fund	203,501	-	-	203,501	197,803	(5,698)
KPERS Retirement Special Contribution Fund	433,650	-	-	433,650	382,596	(51,054)
At Risk (4 Year Old) Fund	67,717	-	-	67,717	67,717	-
At Risk (K-12) Fund	604,207	-	-	604,207	603,831	(376)
Gifts and Grants Fund	6,979	-	7,434	14,413	14,413	-
Recreation Commission Fund	167,176	-	-	167,176	167,176	-
Recreation Commission Employee Benefits Fund	21,000	-	-	21,000	21,000	-
Debt Service Fund						
Bond and Interest Fund	1,220,268	-	-	1,220,268	1,220,268	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		Variance Over Under
	Actual	Actual	Budget	(Under)
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,586,617	1,432,737	1,268,035	164,702
Delinquent Tax	16	17	7,999	(7,982)
Intergovernmental Revenues				
Federal Food Service-Reimbursement	50	-	-	-
Health Program Grant	215	-	-	-
Mineral Severance Tax	34,319	18,007	34,319	(16,312)
Reimbursed Expenses	224,724	93,484	-	93,484
Special Education Aid	535,429	434,090	483,407	(49,317)
Equalization Aid	4,264,840	3,771,763	4,128,929	(357,166)
Federal Aid - ARRA	-	297,596	297,596	-
Local Revenue From Other Sources	1,008	-	-	-
Total Cash Receipts	6,647,218	6,047,694	6,220,285	(172,591)
Expenditures				
Instruction	3,304,357	3,246,534	3,317,307	(70,773)
Student Support Services	510	905	43	862
Instructional Support Services	53,937	56,869	45,310	11,559
General Administration	367,617	330,215	319,806	10,409
School Administration	172,077	192,836	128,392	64,444
Operations and Maintenance	741,053	696,234	774,282	(78,048)
Student Transportation Services	296,554	279,851	361,437	(81,586)
Reimbursed Expenses	141,222	93,484	-	93,484
Transfers Out	1,672,550	1,164,807	1,273,708	(108,901)
Adjustment to Comply with Legal Max	-	-	(252,034)	252,034
Legal General Fund Budget	6,749,877	6,061,735	5,968,251	93,484
(a) Adjustment for Qualifying Budget Credit	-	-	93,484	(93,484)
Total Expenditures	6,749,877	6,061,735	6,061,735	-
Cash Receipts Over (Under) Expenditures	(102,659)	(14,041)		
Unencumbered Cash - Beginning	(286,214)	(388,873)		
Unencumbered Cash - Ending	\$ (388,873)	(402,914)		
(a) Adjustment for Qualifying Budget Credit				
Reimbursements over Amount Budgeted			\$ 93,484	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,770,101	1,681,527	1,415,456	266,071
Delinquent Tax	24	2,694	8,948	(6,254)
Motor Vehicle Tax	127,140	125,220	126,262	(1,042)
Recreational Vehicle Tax	1,943	1,957	1,942	15
Intergovernmental Revenues				
Federal Aid - ARRA	-	36,971	-	36,971
Mentor Teacher Grant	-	1,700	-	1,700
Equalization Aid	83,294	98,147	146,551	(48,404)
Total Cash Receipts	<u>1,982,502</u>	<u>1,948,216</u>	<u>1,699,159</u>	<u>249,057</u>
Expenditures				
Instruction	325,314	194,476	79,393	115,083
Student Support Services	122,887	153,752	113,203	40,549
Instructional Support Services	168,572	197,782	158,800	38,982
Operations and Maintenance	326,129	336,058	435,076	(99,018)
General Administration	403,776	366,541	142,966	223,575
School Administration	-	-	445,282	(445,282)
Student Transportation Services	35,266	26,844	32,125	(5,281)
Transfers Out	562,370	691,153	559,761	131,392
Total Expenditures	<u>1,944,314</u>	<u>1,966,606</u>	<u>1,966,606</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	38,188	(18,390)		
Unencumbered Cash - Beginning	<u>211,382</u>	<u>249,570</u>		
Unencumbered Cash - Ending	<u>\$ 249,570</u>	<u>231,180</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Capital Outlay Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 501,027	455,839	405,114	50,725
Delinquent Tax	6	768	2,537	(1,769)
Motor Vehicle Tax	30,805	39,969	40,439	(470)
Recreational Vehicle Tax	496	614	622	(8)
Interest on Idle Funds	17,943	16,067	17,943	(1,876)
Other Revenue	14,299	7,494	13,740	(6,246)
Transfers In	82,180	-	-	-
Total Cash Receipts	646,756	520,751	480,395	40,356
Expenditures				
Business Services	231,552	219,039	227,108	(8,069)
Student Transportation Services	164,911	49,574	164,911	(115,337)
Facility Acquisition and Construction	258,120	257,864	215,143	42,721
Total Expenditures	654,583	526,477	607,162	(80,685)
Cash Receipts Over (Under) Expenditures	(7,827)	(5,726)		
Unencumbered Cash - Beginning	351,426	386,694		
Prior Year Cancelled Encumbrances	43,095	-		
Unencumbered Cash - Ending	\$ 386,694	380,968		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Bilingual Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 172,438	160,202	172,438	(12,236)
Expenditures				
Instruction	172,438	145,154	172,383	(27,229)
Cash Receipts Over (Under) Expenditures	-	15,048		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	15,048		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Driver Training Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 1,254	1,700	1,750	(50)
Other Revenue From Local Sources	4,834	8,646	6,600	2,046
Total Cash Receipts	6,088	10,346	8,350	1,996
Expenditures				
Instruction	1,080	7,683	12,385	(4,702)
Cash Receipts Over (Under) Expenditures	5,008	2,663		
Unencumbered Cash - Beginning	6,145	11,153		
Unencumbered Cash - Ending	\$ 11,153	13,816		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Food Service Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 5,337	5,470	5,439	31
Federal Aid	220,965	225,946	215,356	10,590
Charges for Services	178,535	174,067	152,299	21,768
Miscellaneous	18,004	14,339	18,000	(3,661)
Transfers In	40,000	40,000	40,000	-
Total Cash Receipts	<u>462,841</u>	<u>459,822</u>	<u>431,094</u>	<u>28,728</u>
Expenditures				
Operations and Maintenance	14,372	13,720	14,494	(774)
Food Service Operation	430,063	414,860	466,035	(51,175)
Total Expenditures	<u>444,435</u>	<u>428,580</u>	<u>480,529</u>	<u>(51,949)</u>
Cash Receipts Over (Under) Expenditures	18,406	31,242		
Unencumbered Cash - Beginning	<u>73,625</u>	<u>92,031</u>		
Unencumbered Cash - Ending	<u>\$ 92,031</u>	<u>123,273</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 3,027	-	-	-
Transfers In	23,000	33,000	23,000	10,000
Total Cash Receipts	26,027	33,000	23,000	10,000
Expenditures				
Instructional Support Services	23,931	21,325	30,400	(9,075)
Cash Receipts Over (Under) Expenditures	2,096	11,675		
Unencumbered Cash - Beginning	28,432	30,528		
Unencumbered Cash - Ending	\$ 30,528	42,203		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Parent Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 13,500	13,500	13,500	-
Expenditures				
Student Support Services	13,500	13,500	13,500	-
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Donations	\$ -	3,156	-	3,156
Transfers In	767,965	663,496	784,927	(121,431)
Total Cash Receipts	<u>767,965</u>	<u>666,652</u>	<u>784,927</u>	<u>(118,275)</u>
Expenditures				
Instruction	727,319	609,763	610,547	(784)
Student Transportation Services	-	-	947	(947)
Student Support Services	1,681	2,465	734	1,731
Total Expenditures	<u>729,000</u>	<u>612,228</u>	<u>612,228</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	38,965	54,424		
Unencumbered Cash - Beginning	<u>65,048</u>	<u>104,013</u>		
Unencumbered Cash - Ending	\$ <u>104,013</u>	<u>158,437</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Miscellaneous Revenue	\$ -	708	-	708
Transfers In	203,848	217,653	203,848	13,805
Total Cash Receipts	203,848	218,361	203,848	14,513
Expenditures				
Instruction	179,492	182,926	197,501	(14,575)
Student Support Services	27,885	12,895	-	12,895
Instructional Support Staff	6,471	1,982	6,000	(4,018)
Total Expenditures	213,848	197,803	203,501	(5,698)
Cash Receipts Over (Under) Expenditures	(10,000)	20,558		
Unencumbered Cash - Beginning	10,000	-		
Unencumbered Cash - Ending	\$ -	20,558		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
KPERS Retirement Special Contribution Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 383,761	382,596	433,650	(51,054)
Expenditures				
Instruction	269,180	272,460	304,173	(31,713)
Student Support Services	9,010	7,229	10,181	(2,952)
Instructional Support	11,212	12,281	12,670	(389)
General Administration	6,045	6,086	6,831	(745)
School Administration	30,051	30,517	33,958	(3,441)
Operations and Maintenance	36,151	34,866	40,850	(5,984)
Student Transportation Services	11,481	9,039	12,974	(3,935)
Food Service	10,631	10,118	12,013	(1,895)
Total Expenditures	383,761	382,596	433,650	(51,054)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 403,951	47,617
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	403,951	47,617
Unencumbered Cash - Beginning	92,913	496,864
Unencumbered Cash - Ending	\$ 496,864	544,481

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Textbook Rental Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Income	\$ 21,079	20,843
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	21,079	20,843
Unencumbered Cash - Beginning	5,297	26,376
Unencumbered Cash - Ending	\$ 26,376	47,219

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
At Risk (4 Year Old) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 67,732	67,717	67,717	-
Expenditures				
Instruction	67,732	67,717	67,717	-
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
At Risk (K-12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Other Revenue from Local Sources	\$ 134,601	-	30,000	(30,000)
Transfers In	460,307	612,775	572,384	40,391
Total Cash Receipts	594,908	612,775	602,384	10,391
Expenditures				
Instruction	591,876	603,831	604,207	(376)
Cash Receipts Over (Under) Expenditures	3,032	8,944		
Unencumbered Cash - Beginning	-	3,032		
Unencumbered Cash - Ending	\$ 3,032	11,976		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Title I Low Income Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 132,244	143,027
Federal Aid - ARRA	-	10,168
Total Cash Receipts	132,244	153,195
Expenditures		
Instruction	132,244	153,159
Cash Receipts Over (Under) Expenditures	-	36
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	36

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Drug Free Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 2,802	2,809
Expenditures		
Student Assistance Program	2,802	2,809
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Title III - Technology Literacy Challenge Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
State Aid	\$ 14,531	15,282
Expenditures		
Instruction	15,126	15,282
Cash Receipts Over (Under) Expenditures	(595)	-
Unencumbered Cash - Beginning	595	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Title II - Improving Teacher Quality Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 36,863	36,373
Expenditures		
Instruction	36,863	36,373
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Title II - Technology Literacy Challenge Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 1,264	1,215
Expenditures		
Instruction	1,264	1,215
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
21st Century Community Learning Centers Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 100,000	100,000
Charges for Services	18,294	16,866
Total Cash Receipts	118,294	116,866
Expenditures		
Instruction	100,000	100,000
Cash Receipts Over (Under) Expenditures	18,294	16,866
Unencumbered Cash - Beginning	-	18,294
Unencumbered Cash - Ending	\$ 18,294	35,160

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
After School Adventures Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Charges for Services	\$ 2,507	2,042
Expenditures		
Instruction	689	1,209
Cash Receipts Over (Under) Expenditures	1,818	833
Unencumbered Cash - Beginning	-	1,818
Unencumbered Cash - Ending	\$ 1,818	2,651

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
 Gifts and Grants Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 11,000	4,320	-	4,320
Grants	-	7,500	-	7,500
Local Revenue	1,200	2,000	12,200	(10,200)
Total Cash Receipts	12,200	13,820	12,200	1,620
Expenditures				
Instruction	11,477	14,413	6,979	7,434
(a) Adjustment for Qualifying Budget Credit	-	-	7,434	7,434
Total Expenditures	11,477	14,413	14,413	-
Cash Receipts Over (Under) Expenditures	723	(593)		
Unencumbered Cash - Beginning	-	723		
Unencumbered Cash - Ending	\$ 723	130		
(a) Adjustment for Qualifying Budget Credit				
Grants over Amount Budgeted			\$ 7,434	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Recreation Commission Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 167,675	151,993	134,962	17,031
Delinquent Tax	7	262	846	(584)
Motor Vehicle Tax	13,196	13,325	13,480	(155)
Recreational Vehicle Tax	204	205	208	(3)
Total Cash Receipts	181,082	165,785	149,496	16,289
Expenditures				
Community Service Operations	181,400	167,176	167,176	-
Cash Receipts Over (Under) Expenditures	(318)	(1,391)		
Unencumbered Cash - Beginning	18,016	17,698		
Unencumbered Cash - Ending	\$ 17,698	16,307		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Recreation Commission Employee Benefits Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual	Budget	Variance Over (Under)
Cash Receipts	\$			
Taxes and Shared Revenues				
Ad Valorem Tax	21,936	18,999	16,899	2,100
Delinquent Tax	-	34	111	(77)
Motor Vehicle Tax	1,708	1,706	1,728	(22)
Recreational Vehicle Tax	26	26	27	(1)
Total Cash Receipts	23,670	20,765	18,765	2,000
Expenditures				
Community Service Operations	23,000	21,000	21,000	-
Cash Receipts Over (Under) Expenditures	670	(235)		
Unencumbered Cash - Beginning	2,240	2,910		
Unencumbered Cash - Ending	\$ 2,910	2,675		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
 Bond and Interest Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,125,544	1,129,726	1,001,003	128,723
Delinquent Tax	617	1,749	5,662	(3,913)
Motor Vehicle Tax	99,252	93,693	95,219	(1,526)
Recreational Vehicle Tax	1,527	1,433	1,465	(32)
Excise and Redemption Tax	-	3,523	-	3,523
Other Revenue From Local Sources	-	-	28	(28)
Interest on Idle Funds	11,315	8,005	5,000	3,005
Total Cash Receipts	<u>1,238,255</u>	<u>1,238,129</u>	<u>1,108,377</u>	<u>129,752</u>
Expenditures				
Principal	640,000	690,000	690,000	-
Interest	558,552	530,268	530,268	-
Total Expenditures	<u>1,198,552</u>	<u>1,220,268</u>	<u>1,220,268</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	39,703	17,861		
Unencumbered Cash - Beginning	<u>1,285,313</u>	<u>1,325,016</u>		
Unencumbered Cash - Ending	<u>\$ 1,325,016</u>	<u>1,342,877</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
2002 Construction Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Idle Funds	\$ 91	38
Expenditures		
Construction Costs	-	1,716
Cash Receipts Over (Under) Expenditures	91	(1,678)
Unencumbered Cash - Beginning	1,587	1,678
Unencumbered Cash - Ending	\$ 1,678	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Agency Funds - Student Organizations
Summary of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Art Club	\$ 1,277	632	285	1,624
Band	1,563	8,104	7,183	2,484
Band Travel	2,965	47,995	49,702	1,258
Cheerleaders	2,500	4,217	6,637	80
Summer School	3,526	3,764	5,234	2,056
Class of 2010	4,596	136	4,685	47
Class of 2011	600	13,231	11,069	2,762
Class of 2012	700	-	100	600
Class of 2013	1,434	-	1,434	-
P.E. Club	327	1,935	2,075	187
Dance Team	1,691	10,115	9,079	2,727
Faculty	1	330	263	68
FCA	296	-	-	296
FFA	12,449	67,860	64,803	15,506
Foreign Study Club	12	-	-	12
Musical	2,114	5,445	6,319	1,240
Guitar	221	38	-	259
Comp Tech	458	-	4	454
National Honor Society	90	1,152	726	516
Pep Club	49	-	-	49
SADD	10	-	-	10
FBLA	2,019	1,922	1,885	2,056
Bio Club	1,458	2,741	3,539	660
Greek Club	381	-	381	-
Sewing Club	7	-	-	7
Student Council	4,265	5,302	4,713	4,854
Vocal	362	3,785	2,705	1,442
Vocal Travel	5,460	44,408	45,204	4,664
Wood Skills Club	-	907	-	907
Weightlifting	35	5,859	5,894	-
Total High School	50,866	229,878	233,919	46,825
Middle School				
Band	740	817	934	623
Cheerleading	281	1,094	791	584
Student Council	22,036	5,524	2,515	25,045
Total Middle School	23,057	7,435	4,240	26,252
Elementary School				
Music	145	135	112	168
A.R.	269	650	220	699
After School	13	2,042	2,042	13
Parent Advisory Group	331	9,081	8,711	701
Total Elementary School	758	11,908	11,085	1,581
Totals Carried Forward	\$ 74,681	249,221	249,244	74,658

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Agency Funds - Non-Student Organization
Statement of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2010

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Totals Brought Forward	\$ 74,681	249,221	249,244	74,658
High School				
Alumni	5,350	1,434	382	6,402
Total	\$ 80,031	250,655	249,626	81,060

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
District Activity Funds
Statement of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
High School							
Athletics	\$ 30,200	-	115,771	115,567	30,404	-	30,404
	5,313	-	9,940	9,773	5,480	-	5,480
Middle School							
Athletics	35,513	-	125,711	125,340	35,884	-	35,884
Total Gate Receipts							
School Projects							
High School							
Academics	55	-	1,936	-	1,991	-	1,991
Auditorium	402	-	-	13	389	-	389
Activities Donations	-	-	16,773	11,540	5,233	-	5,233
FACS	49	-	1,568	1,614	3	-	3
History Account	-	-	1,095	1,088	37	-	37
Hyper Overtones	92	-	1,043	1,015	120	-	120
Hospitality	1,604	-	4,937	5,978	563	-	563
Library	1,197	-	575	312	1,460	-	1,460
Ag Business	-	-	2,276	2,276	-	-	-
Scholar's Bowl	469	-	350	287	532	-	532
Speech/Debate	1,561	-	3,400	3,558	1,403	-	1,403
Yearbook	8,793	-	14,270	18,321	4,742	-	4,742
Physics/Electric Car	1,007	-	4,411	3,874	1,544	-	1,544
Agendas	1,406	-	1,513	1,727	1,192	-	1,192
Parking Permits/Lock Rent	1,455	-	400	300	1,555	-	1,555
All School Play	1,627	-	2,962	2,905	1,684	-	1,684
Total High School	19,717	-	57,509	54,778	22,448	-	22,448
Middle School							
Yearbook	492	-	1,550	1,635	407	-	407
Library	512	-	-	75	437	-	437
Pop Fund	1,788	-	1,155	1,418	1,525	-	1,525
Total Middle School	2,792	-	2,705	3,128	2,369	-	2,369
Elementary School							
Book Fair	11,514	-	6,615	8,128	10,001	-	10,001
Library	489	-	326	332	493	-	493
Yearbook	1,591	-	850	855	1,586	-	1,586
Total Elementary School	13,604	-	7,791	9,315	12,080	-	12,080
Total School Projects	36,113	-	68,005	67,221	36,897	-	36,897
Total District Activity Funds	\$ 71,626	-	193,716	192,561	72,781	-	72,781

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 466 Scott City, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. These financial statements present the District's (primary government) statements only. They do not include the District's component unit, Scott City Recreation Commission. The component unit is included in the District's reporting entity because of the significance of its operational or financial relationships with the District.

Scott City Recreation Commission

The Recreation Commission oversees recreation activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. Recreation Commission issues audited financial statements. Contact the Board Clerk for information on how to obtain their financial information.

The District is the primary government as defined in GASB #14 and further amended by GASB #39. The Board of Education is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the District for the year ended June 30, 2010.

Governmental Fund Categories

General Fund – to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Service Fund – to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Project Fund – to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

Fiduciary Fund Categories

Agency Funds – to account for assets held by the District as trustee or agent for others.

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

District Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land,

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds.

Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There was one budget amendment for this year for the At Risk (K-12) Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve Fund, Textbook Rental Fund, Title I Low Income Fund, Drug Free Fund, Title III-Technology Literacy Challenge Fund, Title II- Improving Teacher Quality fund, Title II- Technology Literacy Challenge Fund, 21st Century Community Learning Centers Fund, and After School Adventures Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2010.

At June 30, 2010, the District's carrying amount of deposits was \$3,023,086 and the bank balance was \$3,878,075. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$969,904 was covered by federal depository insurance and \$2,908,171 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2010.

Compensated Absences

The District's policy with regard to vacation leave does not provide for accumulation or carryover of benefits from one year to the next. All certified employees are allowed 14 days of sick leave per year accumulative to 65 days. No payment is made for unused accumulated sick leave upon resignation or termination. Incentive leave is an additional 10 days that must be used during the year or paid out at the end of the year for those days in excess of the maximum accumulated sick leave.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Compensation Plan

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Defined Benefit Pension Plan

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll and 16.07% for non-licensed KPERs retirees and 20.07% for licensed KPERs retirees. These contribution requirements are established by KPERs and are periodically revised. The State of Kansas' contributions to KPERs for all Kansas public school employees for the years ending June 30, 2010, 2009 and 2008 were \$248,468,186, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year.

Other Post Employment Benefits

Certified employees who retire with a minimum of 20 years of service in Scott County Schools may receive a benefit in an amount not to exceed a combined total of \$2,000. These benefits are computed on a combined basis of years of service at the rate of \$40 per year and accumulated unused sick leave at the rate of \$35 per day.

District employees will not be eligible for benefits as described in the preceding paragraph unless they have reached a total of 85 years combined age and teaching experience and notify the Board of their plans to retire by March 1 preceding their retirement year. At June 30, 2010, no employees qualified for these retirement benefits.

In addition, certified employees who retire with a minimum of 20 years of service in Scott County Schools, and reach age 62 on or before August 1st of the following school year, will be eligible to receive district sponsored health insurance premiums up to \$4,500 per year to age 65. For the year ending June 30, 2010, one person qualified for this benefit and the District paid \$4,500 in premiums.

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the District for special purposes.

Reimbursements

The District records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 466 Scott City, Kansas'** interfund transfers and statutory authority for June 30, 2010 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 434,090
General Fund	Vocational Education Fund	K.S.A. 72-6428	73,848
General Fund	Bilingual Education Fund	K.S.A. 72-6428	104,600
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	504,652
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	47,617
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6433	108,123
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6433	13,500
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-6433	55,602
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	143,805
Supplemental General Fund	At Risk (4 Year Old) Fund	K.S.A. 72-6433	67,717
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	40,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	33,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	229,406

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 3 – LITIGATION

Unified School District No. 466 Scott City, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 466 Scott City, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, crime, linebacker, comprehensive collision, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 466 Scott City, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 466 Scott City, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – OPERATING LEASES

Unified School District No. 466 Scott City, Kansas entered into a software maintenance agreement with Management Advisory Computer Systems (MACS). The minimum annual lease payment applied to the agreement is \$3,285. The expenses paid for the year ended June 30, 2010, was \$3,285.

The District entered into a lease agreement on July 1, 2009 that extends to June 30, 2014, with Southwest Plains Regional Service Center to establish an interactive two-way educational television network for instruction. The District agreed to pay on or before each 1st day of June for the term of the agreement. The total expenses paid for the year ended June 30, 2010 were \$19,635. The future annual lease payment requirements as of June 30, are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 17,920
2012	17,920
2013	17,920
2014	17,920

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 8 – LONG-TERM DEBT

Unified School District No. 466 Scott City, Kansas has the following types of long-term debt.

General Obligation Bond

On June 1, 2002, the District issued \$14,750,000 in Series 2002 General Obligation Bonds to renovate and improve District buildings.

Refunded Bonds

On February 23, 2006, the District issued \$9,765,000 in General Obligation Refunding bonds. A portion of the proceeds from the sale of the Bonds were used to establish an escrow account that will provide for payment of the callable portion of the District's General Obligation Refunding and school building bonds, Series 2002 and to redeem, on September 1, 2015, and thereafter (the "Refunded Bonds"). The refunding plan was undertaken in order to achieve interest cost savings and to provide a more orderly plan of financing for the District.

According to the terms of this Refunding Plan, the Refunded Bonds will be called on September 1, 2012, and redeemed at such time, all in accordance with the resolution authorizing their issuance. The Refunded Bonds represent the entire callable portion of the District's General Obligation Bonds, Series 2002. All Refunded bonds will be called at a price equal to 100% of the par value thereof, without premium.

The defeasance clause in the Series 2002 issues allows the District to establish an irrevocable escrow account to hold any early bond payments. The District does not have control over this escrow account and the bond holder cannot hold the District liable for the series 2002 outstanding debt to be refunded with these bonds, only the escrow account. The District's financial statements do not include the escrow balance nor does it include the Series 2002 debt to be paid with these funds.

Capital Leases

A capital lease obligation in the amount of \$788,191 entered into on April 11, 2005, consists of an obligation for the purchase of Energy Management Systems. The effective interest rate is 4.67 percent per annum.

A capital lease obligation in the amount of \$93,945 entered into on May 20, 2008, consists of an obligation for the purchase of a 2000 Activity Bus. The effective interest rate is 3.65 percent per annum.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 8 - LONG-TERM DEBT (continued)

Changes in long-term liabilities for the District for the year ended June 30, 2010, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2002	2.8%-5.25%	6/1/2002	\$ 14,750,000	9/1/2022	\$ 4,180,000	-	590,000	(590,000)	3,590,000	169,393
General Refunding Bonds										
Series 2006	3.5%-4.0%	2/23/2006	\$ 9,765,000	9/1/2022	9,545,000	-	100,000	(100,000)	9,445,000	360,875
Capital Leases										
Lease Purchase/Energy Management	4.670%	4/11/2005	\$ 956,081	9/16/2020	788,191	-	53,166	(53,166)	735,025	36,195
2000 BlueBird LT C40 Activity Bus	3.650%	5/20/2008	\$ 139,950	2/1/2011	93,945	-	46,126	(46,126)	47,819	3,448
Total Long-Term Debt					\$ 14,607,136	-	789,292	(789,292)	13,817,844	569,911

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Notes to the Financial Statements
June 30, 2010

NOTE 8 - LONG-TERM DEBT (continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR						
	2011	2012	2013	2014	2015	2016-2020	2021-2025
Principal							
General Obligation Bonds	\$ 625,000	870,000	715,000	765,000	815,000	-	-
General Refunding Bonds	100,000	100,000	100,000	100,000	110,000	5,135,000	3,800,000
Capital Leases	103,496	58,308	61,063	63,948	66,969	385,400	43,660
Total Principal	828,496	828,308	876,063	928,948	991,969	5,520,400	3,843,660
							13,817,844
Interest							
General Obligation Bonds	145,682	119,448	90,697	59,235	21,394	-	-
General Refunding Bonds	357,375	353,875	350,375	346,825	342,990	1,252,898	232,500
Capital Leases	35,429	31,053	28,298	25,413	22,392	61,402	1,019
Total Interest	538,486	504,376	469,370	431,473	386,776	1,314,300	233,519
							3,878,300
Total Principal and Interest	\$ 1,366,982	1,332,684	1,345,433	1,360,421	1,378,745	6,834,700	4,077,179
							17,696,144

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 9 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these statutes.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

General Fund

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 1,432,737	1,268,035	164,702
Delinquent Tax	17	7,999	(7,982)
Intergovernmental Revenues			
Mineral Severance Tax	18,007	34,319	(16,312)
Reimbursed Expenses	93,484	-	93,484
Special Education Aid	434,090	483,407	(49,317)
Equalization Aid	3,785,804	3,876,895	(91,091)
Federal Aid - ARRA	297,596	297,596	-
Total Statutory Revenues	6,061,735	5,968,251	93,484
Expenditures			
Instruction	3,246,534	3,317,307	(70,773)
Student Support Services	905	43	862
Instructional Support Services	56,869	45,310	11,559
General Administration	330,215	319,806	10,409
School Administration	192,836	128,392	64,444
Operation and Maintenance	696,234	774,282	(78,048)
Student Transportation Services	279,851	361,437	(81,586)
Reimbursed Expenses	93,484	-	93,484
Transfers Out	1,164,807	1,273,708	(108,901)
Adjustment to Comply with Legal Max	-	(252,034)	252,034
Legal General Fund Budget	6,061,735	5,968,251	93,484
(a) Adjustment for Qualifying Budget Credit	-	93,484	(93,484)
Total Expenditures and Legal General Fund Budget	6,061,735	6,061,735	-
Statutory Revenues Over (Under) Expenditures	-		
Modified Unencumbered Cash - Beginning	-		
Modified Unencumbered Cash - Ending	\$ -		
(a) Adjustment for Qualifying Budget Credit			
Reimbursements Over Amount Budgeted		\$ 93,484	

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 9 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) (continued)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these statutes.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Supplemental General Fund

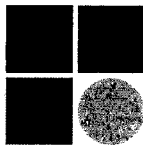
Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 1,681,527	1,415,456	266,071
Delinquent Tax	2,694	8,948	(6,254)
Motor Vehicle Tax	125,220	126,262	(1,042)
Recreational Vehicle Tax	1,957	1,942	15
Intergovernmental Revenues			
Federal Aid - ARRA	36,971	-	36,971
Mentor Teacher Grant	1,700	-	1,700
Equalization Aid	108,815	146,551	(37,736)
Total Statutory Revenues	1,958,884	1,699,159	259,725
Expenditures			
Instruction	194,476	79,393	115,083
Student Support Services	153,752	113,203	40,549
Instructional Support Services	197,782	158,800	38,982
Operations and Maintenance	336,058	435,076	(99,018)
General Administration	366,541	142,966	223,575
School Administration	-	445,282	(445,282)
Student Transportation Services	26,844	32,125	(5,281)
Transfers Out	691,153	559,761	131,392
Total Expenditures and Legal Supplemental General Fund Budget	1,966,606	1,966,606	-
Statutory Revenues Over (Under) Expenditures	(7,722)		
Modified Unencumbered Cash - Beginning	267,447		
Modified Unencumbered Cash - Ending	\$ 259,725		

Unified School District No. 466 Scott City, Kansas

Supplementary Information



Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Unified School District No. 466 Scott City, Kansas
Scott City, Kansas

We have audited the primary government financial statements of **Unified School District No. 466 Scott City, Kansas** as of and for the year ended June 30, 2010, and have issued our report thereon dated December 13, 2010. The report on the audited financial statements was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Unified School District No. 466 Scott City, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 466 Scott City, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **Unified School District No. 466 Scott City, Kansas'** internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. See 10-A on page 52.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. See 10-B on page 52.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 466 Scott City, Kansas'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **Unified School District No. 466, Scott City, Kansas** in a separate letter dated December 13, 2010.

Unified School District No. 466 Scott City, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit **Unified School District No. 466 Scott City, Kansas'** response and, accordingly, we express no opinion on it.

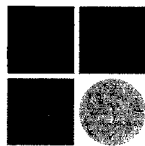
This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

December 13, 2010



Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Unified School District No. 466 Scott City, Kansas
Scott City, Kansas

Compliance

We have audited **Unified School District No. 466 Scott City, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 466 Scott City, Kansas'** major federal programs for the year ended June 30, 2010. **Unified School District No. 466 Scott City, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Unified School District No. 466 Scott City, Kansas'** management. Our responsibility is to express an opinion on **Unified School District No. 466 Scott City, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, the audit guide and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 466 Scott City, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Unified School District No. 466 Scott City, Kansas'** compliance with those requirements.

In our opinion, **Unified School District No. 466 Scott City, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of **Unified School District No. 466 Scott City, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Unified School District No. 466 Scott City, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control

over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 466 Scott City, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

December 13, 2010

Unified School District No. 466 Scott City, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:		<u>Unqualified</u>	
Internal control over financial reporting			
• Material weakness identified?	<u> X </u>	Yes	<u> </u> No
• Significant deficiencies identified?	<u> X </u>	Yes	<u> </u> No
• Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

FEDERAL AWARDS

Internal control over major programs:			
• Material weakness identified?	<u> </u>	Yes	<u> X </u> No
• Significant deficiency identified?	<u> </u>	Yes	<u> X </u> None reported
Type of auditors' report issued on compliance for major programs:			<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<u> </u>	Yes	<u> X </u> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program
84.394	State Fiscal Stabilization Fund - Education States Grant, Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$ 300,000</u>	
Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u> No

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Material Weakness in Internal Control

10-A

Criteria

Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition

Proper segregation of duties does not exist in the accounting system.

Effect

Management may not become aware of the problems or irregularities within a timely manner.

Cause

The District is unable to hire additional personnel due to its size.

Recommendation

Procedures should be established and implemented where the District implements segregation of duties in the receipts and expenditures cycles and implements additional internal control.

Views of responsible officials and planned corrective actions

The District is aware that employees have incompatible duties, and that additional control measures can be implemented to compensate for this. The District will work on implementing additional controls to compensate for the lack of segregation of duties.

B. Significant Deficiency in Internal Control

10-B

Criteria

Client personnel responsible for the accounting and reporting function should have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements.

Condition

Client personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles.

Effect

Financial transactions and financial statements may not properly reflect financial information in accordance with generally accepted accounting principles.

Cause

The District is unable to obtain the training necessary to obtain these skills due to its size and financial resources.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

Recommendation

Continual training of accounting personnel should be implemented to ensure financial transactions and financial statements are being presented as accurately as possible.

Views of responsible officials and planned corrective actions

The District is aware that personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles. However, due to the size and financial resources of the District, it would not be feasible to obtain the necessary training.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under OMB Circular A-133.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

No material findings or questioned costs for the year ended June 30, 2009 are required to be disclosed under OMB Circular A-133.

Unified School District No. 466 Scott City, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass Through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Kansas State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	3529-3490 3490 9904	\$ 35,790
National School Lunch Program	10.555	3530-3500 3500 9902/12	189,355
Special Milk Program	10.556	3230-3020 3020 9901	<u>802</u>
Total Child Nutrition Cluster			<u>225,947</u>
State Administrative Expenses for Child Nutrition			
State Administrative Expenses for Child Nutrition	10.560	3230-3020 R201	<u>50</u>
Total U.S. Department of Agriculture			<u>225,997</u>
U.S. Department of Education			
Passed Through Kansas State Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	3532-3520 3520	143,027
ARRA - Title I Grants to Local Educational Agencies - Recovery Act	84.389	3532-3525 3525	<u>10,133</u>
Total Title I, Part A Cluster			<u>153,160</u>
State Fiscal Stabilization Fund Cluster			
State Fiscal Stabilization Fund - Education			
State Grants - Recovery Act	84.394	3790-3790 3790	<u>334,567</u>
Education Technology State Grants Cluster			
Education Technology State Grants	84.318	3233-3040 3040 9962	<u>1,215</u>
School Preparedness	84.302	3056-3200 U875	750
Safe and Drug-Free Schools and Communities	84.186	3795-3100 3100 1000	2,809
21st Century Community Learning Center	84.287	3519-3890 3890	100,000
English Language Acquisition	84.365	3522-3820 3820	15,282
Improving Teacher Quality State Grants	84.367	3526-3860 3860	36,373
Data Use Grant	84.372	3592-3070 N083	<u>800</u>
Total U.S. Department of Education			<u>644,956</u>
Total Expenditures of Federal Awards			<u><u>\$ 870,953</u></u>

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2010

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 466 Scott City, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.